

## Message Text

CONFIDENTIAL

PAGE 01 QUITO 02366 091757Z

71

ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 TAR-02 STR-08 L-03

H-03 PA-04 USIA-15 PRS-01 DRC-01 /154 W

----- 017886

R 091702Z APR 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0661

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2366

E.O. 11652: GDS

TAGS: ETRD, EC

SUBJECT: BANANAS

1. DURING MY VISIT APRIL 3-4 TO BANANA PRODUCING EL ORO PROVINCE, I WAS IMPRESSED BY THE UNANIMITY AMONG THE FREQUENTLY ANTAGONISTIC REPRESENTATIVES OF GOVERNMENT, INDUSTRY, AND LABOR THAT ECUADOR WILL NOT AND SHOULD NOT JOIN IN ATTEMPTS TO FORCE UP MARKET PRICE OF BANANAS. GOVERNOR RODRIGO MORALES WAS EMPHATIC IN SAYING THAT ECUADOR WOULD LOSE ITS POSITION IN THE MARKET IF IT DID SO. EXPORTER AND ADVISER AT PANAMA AND BOGOTA MEETINGS, RODRIGO LANIADO, CHARACTERIZED THE BANANA PROBLEM AS FUNDAMENTALLY ECONOMIC, NOT POLITICAL OR DIPLOMATIC. HE TOLD ME HE WAS FULLY SATISFIED WITH THE CLOSE CONSULTATIONS BETWEEN THE GOE AND THE INDUSTRY ON POLICY. HE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 02366 091757Z

SAID GOVERNMENT AND INDUSTRY ARE UNITED IN THEIR OPPOSITION TO

ECUADOR'S JOINING IN PRICE LIFTING SCHEMES. RATHER, THE INDUSTRY IS PRESSING HARD FOR ACCELERATED REMOVAL OF THE EXISTING EXPORT TAX WHICH RAISED COST OF ECUADOREAN BANANAS. IN THIS, THE INDUSTRY HAS THE SUPPORT OF THE MINISTRY OF INDUSTRIES AND COMMERCE BUT THE POSITION OF THE MINISTRY OF FINANCE IS UNDECIDED. HE SAID THE INDUSTRY'S UPPERMOST CONCERN IS TO RETAIN ITS COMPETITIVENESS IN EXPORT MARKETS.

2. THE PRESIDENT OF THE FRUIT LOADERS UNION OF GUAYAS ROBERTO ANAYA, ALSO SAID THAT ECUADOR SHOULD NOT JOIN IN AN EFFORT TO FORCE UP THE MARKET PRICE. HE WAS CONCERNED THAT THIS WOULD JEOPARDIZE SALES TO THE U.S. MARKET. HE LIKewise MAINTAINED THAT IT IS OF PRIMARY IMPORTANCE TO REDUCE THE EXISTING EXPORT TAX ON BANANAS IN ORDER TO IMPROVE ECUADOREAN COMPETITIVENESS. HE WAS ESPECIALLY CONCERNED ABOUT ANY MEASURES WHICH MIGHT CAUSE A REDUCTION OF EMPLOYMENT AMONG BANANA WORKERS.

3. ON THE SUBJECT OF FIGUERES' POSSIBLE PERSONAL ADVANTAGE IN THE PROPOSED CENTRAL AMERICAN TAX OF \$1.00 PER BOX, LANIADO SAID THAT THE ECUADOREANS UNDERSTAND THAT THE NEW TAX PROPOSED IN COSTA RICA WOULD PASS THROUGH THE CENTRAL BANK INTO FIGUERES' HANDS IN ONE WAY OR ANOTHER. HE SAID THIS IS ANOTHER REASON, ALBEIT SECONDARY, WHY ECUADOR WANTS TO STAY AWAY FROM THE PROPOSED CENTRAL AMERICAN TAX.

4. MINISTER OF INDUSTRIES AND COMMERCE ROSALES HAS INFORMED THE PRESS THAT GOE WILL RAISE OFFICIAL PRICE OF BANANAS BY FORTY CENTS PER BOX APRIL 30. AS PREVIOUSLY REPORTED, FOREIGN EXCHANGE, TAXES, AND GROWER PAYMENTS ARE COMPUTED ON BASIS OF OFFICIAL PRICE. IT HAS BEEN BELOW ACTUAL MARKET PRICE IN RECENT YEARS. DECREE, WHEN ISSUED, SHOULD SHED LIGHT ON WHAT IF ANY EFFECT A NEW OFFICIAL PRICE WILL HAVE ON SELLING PRICE.  
BREWSTER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, INDUSTRY, SALES, EXPORTS, PRICES, LABOR UNION OFFICIALS, BANANAS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974QUITO02366  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740081-0676  
**From:** QUITO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740455/aaaabyau.tel  
**Line Count:** 94  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 SEP 2002 by boyleja>; APPROVED <06 FEB 2003 by GolinoFR>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BANANAS  
**TAGS:** ETRD, EC, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005